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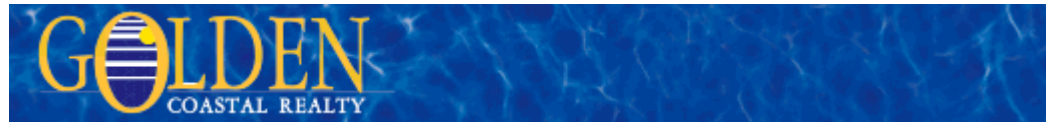
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"The Price of Liberty  is Eternal Vigilance"

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Auditor's report: Indian River Marina mismanaged

By Ron MacArthur

Cape Gazette staff

Sloppy bookkeeping, uncollected funds, preferential treatment and mismanagement at the Indian River Marina in Delaware Seashore State Park have resulted in the loss of at least \$160,000 and recommended personnel changes, according to a recently released special investigation report by State Auditor Tom Wagner.

"This should not have happened," Wagner said. "A marina should be run like business and should not lose money. It didn't have good controls and didn't have good management."

"More than \$160,000 was not collected, not documented properly or charged inappropriately," Wagner said.

According to the 11-page report, which ended June 6 and was released Monday, July 16, the abuses occurred from 2004 to 2006. The investigation which was conducted jointly by the auditor's office and Department of Natural Resources and Environmental Control (DNREC) investigators, covered the period from July 1, 2004, through Dec. 31, 2006.

Although the official report stated the division took administrative action to remedy the situation in January 2007, Melinda Carl, DNREC spokeswoman said because it's a personnel matter she could not release any names or other information.

"The personnel issue is not yet concluded," she said.

Wagner said his office received a tip from the state hotline questioning the marina's billing process, including double billings and cleared checks not being posted to a customer's account.

"Before we got there, DNREC had already started an investigation," Wagner

said. "They have a high degree of credibility, so we worked together."

He said DNREC's internal investigation included personnel problems, timekeeping issues, discrepancies between the marina's established rates and the actual charges for sales and suspicious state credit card transactions.

Charles Salkin, director of the Division of Parks and Recreation, said the division realized there were problems at the marina late last year. "We had concerns in the past and as we started to dig in, one thing led to another," Salkin said. "This is not typical of the way Delaware's state parks are managed and from what we have learned, this won't be repeated."

"Based on the conclusions reached, the Office of Auditor of Accounts (AOA) determined that the marina does not have the internal control structure in place to ensure revenue and expenditure transactions are processed in accordance with the state of Delaware budget and accounting manual," the report concluded.

"We understand and agree with the report and for the most part have been ahead of the audit," Salkin said. "When it came to the auditor's recommendations, we weren't surprised and in some cases we had already solved the problems before the report came out."

Marina problems

The key points brought out in the investigation included the following:

- There were six documented cases where the marina manager approved or added time to seasonal employees' time cards for time not worked by the employees.
- DNREC's Division of Parks and Recreation does not have a proper tracking system detailing which employees reserved cottages at the marina and when payments were received.
- The marina allowed one customer to charge fuel to an account and then bill the customer for the charges. Between May 31, 2005, and Dec. 31, 2006, the marina could not provide documentation for 92 of the 165 fuel slips totaling \$37,351 and 27 of the 35 credits totaling \$43,339. The receipts cannot be traced to the customer account to determine proper billing.
- The manager approved contracts for storage and docking that were not consistent with established rates, resulting in a loss of more than \$51,000.
- The marina used a packaged software to maintain customer data, record customer transactions and prepare statements. Based on a review of the software's security's settings, the marina did not restrict certain users' access to records. There were limitations to the software that did not allow for accurate calculations of the dockage and storage rates charged to customers.

- For the period July 1, 2004, to Dec. 31, 2006, 509 state credit card (called SuperCard) transactions at the marina were reviewed. Of those reviewed, 23 transactions totaling just over \$9,000 were for inappropriate purchases not covered by the cards, including parasailing rides. In addition, propriety of 5 transactions, totaling more than \$20,000, could not be determined based on information provided.
- During the Rocktoberfest Fishing Tournament, held at the marina in 2006, manager allowed vendors to stay in cottages using two different rates.

DNREC changes

Since the report was issued, DNREC has made several changes at the marin

- All fuel-charging privileges have been terminated.
- Published docking and storage rates will be adhered to for all customers.
- Analysis of the marina's software is being conducted to determine if the system needs to be replaced or supplemented.
- The division has established a policy permitting employees to reserve cottages at a discounted rate only during off-season periods. The public will have first opportunity for rentals. Employees will be required to make paym at the time a reservation is made.
- The division is developing a policy for promotional stays, marketing, spec events, discounts and complementary rentals.
- The division is reviewing ways to recover money that was charged inappropriately.

The Indian River Marina, which has recently undergone several upgrades, w purchased by the state in 1971. Prior to the purchase, it was a privately run marina. The existing docks were installed in 1981 and expanded in 1988. In recent years, new floating docks, dry storage, updated fueling facilities and vacation rental cottages have been added to the property. The full-service marina has head boats, a boat ramp, a boat supply and bait and tackle store a provides marine repair service.

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